

ACCOUNT REDUCTION LOAN APPLICATION 401(k) PLAN

Participant forward to Service Provider at:
Great-West Retirement ServicesSM
P.O. Box 173764, Denver, CO 80217-3764
Express Address:
8515 E. Orchard Road, Greenwood Village, CO 80111



State of Tennessee 401(k) Plan

98986-02

Participant Information

Last Name			First Name			MI		
Address - Number & Street								
City			State			Zip Code		
Social Security Number								
()			()			()		
Home Phone						Work Phone		
						Mo Day Year		
E-Mail Address						Date of Birth		

Type of Loan - Choose one

☐ **GENERAL PURPOSE LOAN:** Available for any purpose.

Choose repayment term: ☐ 1 year ☐ 2 years ☐ 3 years ☐ 4 years ☐ 5 years

☐ **PRINCIPAL RESIDENCE LOAN:** Available **ONLY** to purchase or build a principal residence (not available to renovate or refinance a principal residence). Attach an executed sales contract for the principal residence being purchased.

Choose repayment term: ☐ 10 years ☐ 11 years ☐ 12 years ☐ 13 years ☐ 14 years ☐ 15 years

Loan Amount

Amount of Loan \$

Loan Origination Fee \$ -50.00

☐ Express Delivery Fee*

Deduct \$25.00 from my check amount. \$

CHECK AMOUNT \$

Minimum Loan: General \$2,000; Residence \$5,000

Maximum Loan: Generally the lesser of 50% of your vested account balance or \$50,000

Note: If a specific amount was requested and the amount requested exceeds available funds, we will process the loan for the maximum amount available.

*Checks can be sent express only to street addresses, not P.O. boxes.

Method of Payment

You must be an **Active Employee** in order to take out a 401(k) loan. Repayments must be made through **Payroll Deduction**. If you are a terminated employee, you have the option to take out a partial withdrawal from your account. Your repayment schedule is determined by how often your contributions are remitted to your account. Please check the appropriate box below.

☐ State Employee
(Paid monthly)

☐ State Employee
(Paid semi-monthly)

☐ University of Tennessee
(Monthly remittance)

☐ Board of Regents
(Monthly remittance)

Optional Fax Information and Alternate Mailing Address

☐ Fax my Promissory Note and Truth-in-Lending Disclosure to _____
(fax number)

☐ Mail my check to an address OTHER than the one listed above.

Address: _____ City: _____ State: _____ Zip Code: _____

Notarized Signature

My signature acknowledges that I have read, understand and agree to all pages of this Account Reduction Loan Application form. I affirm that all information that I have provided is true and correct. I understand that funds may impose redemption fees on certain transfers, redemptions or exchanges if assets are held less than the period stated in the fund's prospectus or other disclosure documents. I will refer to the fund's prospectus and/or disclosure documents for more information. I certify that the amount requested does not exceed the allowable amount described on Page 2. I understand that payments are to be made by payroll deduction and are due according to the amortization schedule that I receive.

Participant Signature

Date

Notarization required

The above election was subscribed before me by

State of _____)

) ss. on this _____ day of _____, year _____, who

County of _____)
affirmed that such election represents his/her free and voluntary act.

SEAL

Notary Public _____ My commission expires: _____



LOAN PROVISIONS

Cost – A loan origination fee in the amount of \$50 shall be deducted from the loan amount approved. In addition to the origination fee, a monthly processing fee of \$2 will be charged to your account.

Optional Express Delivery – \$25 non-refundable charge – Express delivery is available for Monday through Friday delivery only and is not available to P.O. boxes. Delivery is not guaranteed to all areas.

Amount of Loan – The maximum loan amount, when added to the outstanding balance of all other loans from all qualified plans sponsored by your employer, is generally the lesser of 50% of your vested account balance, or \$50,000 reduced by the excess, if any, of your highest total outstanding balance of all such loans for the one-year period ending on the day before the date the loan is made, over the outstanding balance of loans from all such qualified employer plans on the date the loan is made.

Source and Application of Funds – Loan disbursements will be made on a prorated basis from each of your current investment options and contribution sources.

Eligibility – You may have up to two loans outstanding at any one time; however, a minimum of 12 months must pass between issuance of loans. Loans are not available to individuals who have previously defaulted on a loan from the Plan. Note that if you file bankruptcy, the bankruptcy court may prohibit the state from processing your repayments through payroll deduction.

Interest Rate Determination – For loans originating in any given month, interest due will be based on the designated rate for your Plan on the first business day of each month, and such rate is fixed for the life of the loan.

Repayment – If payments are made by payroll deduction, Service Provider will send a notice to your employer's payroll department at the time a participant's loan is made, indicating the dollar amount your employer must begin deducting from your pay each pay period according to the payroll frequency indicated on the front of the form. For state employees, a billing file will be transmitted by Great-West Retirement ServicesSM to the state's central payroll office to begin your loan repayments. For University of Tennessee and Board of Regents employees, your amortization schedule will be sent to your payroll department showing the monthly amount due. Be aware that if you are paid more often than once per month, your repayment amount may be split between two paychecks. You should refer to your Truth-in-Lending Disclosure and promissory note and/or amortization schedule for information as to the amount and due date of each payment. **It is entirely your responsibility to ensure that timely loan repayments are being remitted to Service Provider by your employer's payroll department to avoid the tax consequences associated with a defaulted plan loan.**

Principal repayments and interest payments shall be reinvested in your account in accordance with your investment election in effect at the time the payments are received by Service Provider.

Default – If the sum of all loan payments due in a calendar quarter is not made and payment is not received by the end of the following calendar quarter, pursuant to Internal Revenue Code rules and regulations, the loan will be in default and the entire outstanding loan balance, including accrued but unpaid interest, shall be deemed distributed and will be tax reported to you. This entire amount must be included in your gross income in the calendar year of default. An IRS premature withdrawal penalty may also apply. Borrowers who default on a loan from the Plan will be prohibited from obtaining future loans from the Plan.

Leave of Absence – Contact Service Provider for a Loan Payment Change Request form.

Prepayment – Prepayment in full of the outstanding loan principal and the accrued interest may be made no earlier than the next loan payment due date. Arrangements for a full payment must be made by contacting Service Provider for a prepayment figure no more than two weeks before the payoff.

Principal Reduction Method – You can elect to send a payment to reduce the principal balance of your loan. The payment received will be applied first to the current payment due and then to the outstanding principal balance.

Full Distributions – Before a full distribution can be processed, you must have experienced a distributable event and elect to treat the loan as a taxable distribution.

All outstanding loan principal and accrued interest shall be treated as a distribution from the Plan on the date of death. The loan cannot be transferred to, or assumed by, your beneficiary. In addition, the amount of the outstanding loan will be tax reported as a distribution to you or your estate, as applicable.

Hold Harmless – Service Provider accepts no responsibility for any adverse tax consequences to you resulting from your failure to adhere to the terms of this agreement and all applicable federal and state loan laws, and you hereby hold Service Provider harmless from any claim, of whatever nature, from yourself, your creditors, your family, your heirs, successors and assigns in connection with this agreement.

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Phone#: 1-800-922-7772
Web site: www.treasury.state.tn.us/dc/